

Message Text

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PAGE 01 LUXEMB 00059 311355Z

60

ACTION EUR-25

INFO OCT-01 AGR-20 ISO-00 CEA-02 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 SPC-03 STR-08

TRSE-00 LAB-06 SIL-01 OMB-01 L-03 H-03 NSC-10 PA-04

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FM AMEMBASSY LUXEMBOURG

TO SECSTATE WASHDC 3731

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS UNN

USMISSION OECD PARIS UNN

USMISSION GENEVA

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E.O. 11652: N/A

TAGS: EAGR, EEC, LU

SUBJECT: LUXEMBOURG VIEWS ON MINIMUM IMPORT PRICES ON

PROCESSED FRUITS AND VEGETABLES, AND EC

AGRICULTURAL POLICIES

REF: STATE 11683 AND BRUSSELS 6730

1. WE PRESENTED OUR POSITION ON MINIMUM IMPORT PRICES
FOR PROCESSED FRUITS AND VEGETABLES AS PER REFTELS
TO JEAN RIES, MINISTRY OF AGRICULTURE OFFICIAL RESPON-
SIBLE FOR EC POLICY MATTERS. RIES SAID THAT HE WAS
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PAGE 02 LUXEMB 00059 311355Z

FULLY AWARE OF OUR SEVERAL PRESENTATIONS TO THE EC

COMMISSION ON MIPS AND UNDERSTOOD OUR LEGAL AND ECONOMIC ARGUMENTS. BUT HE ADDED THAT THE MATTER IS OF MARGINAL CONCERN TO LUXEMBOURG WHICH IS NOT A PRODUCER OF THE PRODUCTS IN QUESTION. RIES ADMITTED THAT THE GOL HAS AN INTEREST AS A CONSUMER OF THESE PRODUCTS, BUT SAID THAT LUXEMBOURG DOES NOT LOOK AT THE QUESTION OF MIPS IN ISOLATION FROM OTHER EC AGRICULTURAL POLICIES. TO RIES, MIPS ARE MERELY ONE ELEMENT IN THE ENTIRE EC AGRICULTURAL PACKAGE, AND THE GOL IS WILLING TO AGREE WITH ITALY AND FRANCE ON MIPS IF IT WILL HELP THE GOL TO ACHIEVE ITS BASIC OBJECTIVES ON OTHER EC AGRICULTURAL POLICIES. THE BASIC GOL OBJECTIVES ARE LOWER FOOD GRAIN PRICES AND HIGHER PRICES FOR MILK. AS A SMALL NATION CONCENTRATING ITS AGRICULTURAL PRODUCTION ON ANIMAL PRODUCTS, THE GOL IS NOT HAPPY WITH THE RECENT COMMISSION PROPOSALS ON PRICE LEVELS FOR CORN AND MILK. ACCORDING TO RIES, SERIOUS BARGAINING ON THESE PROPOSALS WILL PROBABLY NOT TAKE PLACE UNTIL FEBRUARY 18-20 AT WHICH TIME THE GOL HOPES TO MODIFY THE DISPARITY BETWEEN THE RECOMMENDED INCREASE IN CORN AND MILK PRICES. RIES REALISTICALLY ADMITS THAT THE GOL INFLUENCE IS SMALL IN THESE MATTERS. ITS TACTIC IS TO SEEK A PATH THROUGH THE DIFFERENCES OF ITS LARGER PARTNERS, KEEPING ITS FEW OBJECTIVES CLEARLY IN MIND. IF ITS OBJECTIVES ARE HELPED THEREBY, THE GOL IS WILLING TO COMPROMISE ON OTHER POLICIES SUCH AS MIPS FOR FRUITS AND VEGETABLES AND A CAP FOR SOYBEANS.

2. CONCERNING SOYBEANS, RIES SAID THAT THE COMMISSION PROPOSALS WERE OF A COSMETIC NATURE AND WOULD RESULT IN INSIGNIFICANT PRODUCTION IN THE EC. HE STATED THAT THE GOL SUPPORTED A CAP ON SOYBEANS SINCE IT WOULD NOT CHANGE THE IMPORT REGIME IN ANY WAY AND BECAUSE THERE WAS A GENERAL FEELING AMONG THE AGRICULTURAL MINISTERS THAT SOMETHING HAD TO BE DONE TO RESPOND TO LAST YEAR'S SHOCK OF U.S. EXPORT RESTRAINTS AND INFLATED PRICES FOR SOYBEANS. FARKAS

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